

Message Text

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TAGS: ECON, SG
SUBJECT: US ECONOMIC POLICY TOWARD AFRICA: HOLLOWAY/LANCASTER VISIT

REF: (A) DAKAR 6309, (B) DAKAR 5268 (NOTAL)

1. ANNE HOLLOWAY, DIRECTOR OF AMBASSADOR YOUNG'S STATE DEPT.
OFFICE, AND CAROL LANCASTER OF STATE S/P, VISITED DAKAR AUGUST
15-17 AS PART OF SUBJECT REVIEW. FOLLOWING IS POST'S SUMMARY OF VISIT
PREPARED AFTER HOLLOWAY/LANCASTER DEPARTURE.

2. CENTER FOR MONETARY STUDIES: HOLLOWAY, LANCASTER AND EMBOFF
MET WITH ABDERRAHIM OMRANA, DEPUTY DIRECTOR OF AFRICAN CENTER FOR
MONETARY STUDIES. OMRANA, A MOROCCAN, EXPLAINED THAT CENTER HAD
ONLY BEEN OPERATING FOR TWO MONTHS, ALTHOUGH IT WAS ORIGINALLY
CREATED AT THE 1975 OAU SUMMIT. THIRTY AFRICAN CENTRAL BANKS HAVE
JOINED ORGANIZATION. SUM OF \$1.3 MILLION HAS BEEN BUDGETED FOR
FIRST TWO YEARS OF OPERATION. CURRENT PROFESSIONAL STAFF NUMBERS
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ONLY FOUR-OMRANA, DIRECTOR, DR. ALVIN TAYLOR OF LIBERIA, AND TWO
ECONOMISTS, ONE OF WHOM IS ON LOAN FROM IMF. THE ORGANIZATION
HAS TWO MAIN OBJECTIVES: HARMONIZATION OF MONETARY POLICIES
TO STRENGTHEN POSITION OF AFRICAN COUNTRIES IN INTERNATIONAL
MONETARY AFFAIRS AND PROVISION OF FINANCIAL CONSULTATIVE SERVICES,
PARTICULARLY TO SMALLER MEMBER COUNTRIES, WITH VIEW TOWARD DIMIN-
ISHING RELIANCE ON IMF EXPERTISE. OMRANA ADDED THAT CENTER, WHICH

IS MODELED AFTER A SIMILAR ORGANIZATION IN LATIN AMERICA, ULTIMATELY HOPES TO EMPLOY 15 FULL-TIME ECONOMISTS. OMRANA WILL REPRESENT CENTER AT SEPTEMBER IMF MEETINGS IN WASHINGTON.

3. IDEP (AFRICAN INSTITUTE FOR ECONOMIC DEVELOPMENT AND PLANNING): TEAM WAS RECEIVED AT IDEP BY DR. ROLAND AMOA, DEPUTY DIRECTOR. HE EXPLAINED THAT ORGANIZATION HAD BEEN CREATED IN 1964, WITH OBJECT OF TRAINING AFRICAN DECISIONMAKERS IN ECONOMIC DEVELOPMENT. BEGINNING IN 1970, INSTITUTE MOVED INTO RESEARCH AS WELL. IDEP OPERATES THROUGH THE PLANNING MINISTRIES OF ALL AFRICAN COUNTRIES (EXCEPT LESOTHO, SOUTH AFRICA, SWAZILAND AND EQUATORIAL GUINEA) AND MAINTAINS CLOSE LINKS TO AFRICAN UNIVERSITIES AS WELL. IDEP'S TRAINING SERVICES ARE ALSO AVAILABLE TO ORGANIZATIONS SUCH AS ECOWAS AND CEAO. ON THE RESEARCH SIDE IDEP IS CONCENTRATING ON NEWLY INDEPENDENT STATES, INCLUDING ANGOLA AND GUINEA-BISSAU. THIS YEAR'S BUDGET IS \$1.1 MILLION, OF WHICH \$800,000 IS PROVIDED BY UNDP. REMAINING \$300,000 FROM VARIOUS SOURCES IS CHanneLED THROUGH ECA. AMOA MENTIONED THAT BUDGET CUTBACKS OVER THE PAST SEVERAL YEARS HAVE FORCED IDEP TO TRIM ITS PROFESSIONAL STAFF TO 6, DOWN FROM A PEAK OF 15. ACCORDING TO AMOA, BEST MEASURE OF IDEP'S SUCCESS IS THE LARGE NUMBER OF IDEP-TRAINED PERSONNEL WHO NOW HOLD POSITIONS OF MINISTERIAL RANK.

4. OMVG (GAMBIA RIVER DEVELOPMENT AUTHORITY): OUSMANE FALL, ADVISOR TO MINISTER OF CAPITAL INVESTMENT ON OMVG, MET WITH TEAM. HE EXPLAINED THE OMVG'S HEADQUARTERS IN KAOLACK, SENEGAL, WILL LIMITED OFFICIAL USE

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BE OPENED SOME TIME IN SEPTEMBER. HE GAVE US BRIEF OUTLINE OF OMVG PROJECTS MOST IMPORTANT OF WHICH IS A DAM/ROADWAY ON THE GAMBIA RIVER. (SEE REFTELS)

5. CEAO (COMMUNAUTE ECONOMIQUE DE L'AFRIQUE DE L'OUEST): GROUP SPOKE WITH MAGATTE GAYE, SENEGAL'S EXPERT ON CEAO AT THE DIRECTION GENERALE DES AFFAIRES ECONOMIQUES. GAYE MENTIONED THAT SIX NATIONS OF CEAO (SENEGAL, MALI, UPPER VOLTA, NIGER, MAURITANIA, AND IVORY COAST) HAD MADE AN ABORTIVE ATTEMPT AT ECONOMIC INTEGRATION SOON AFTER INDEPENDENCE. NOT UNTIL 1974 WERE THEY ABLE TO ESTABLISH THE FLEDGLING CUSTOMS UNION, AND IT IS ONLY IN 1976 WHEN THE CEAO PROTOCOLS WRE SIGNED. RAW MATERIALS AND AGRICULTURAL COMMODITIES MOVE WITHIN THE CEAO WITHOUT TARIFFS. THERE IS, HOWEVER A "REGIONAL COOPERATION TAX," PROCEEDS OF WHICH ARE DEVOTED ONE-THIRD TOWARD DEVELOPMENT FUND AND TWO-THIRDS TO COMPENSATE MEMBER STATES FOR LOSS OF CUSTOMS REVENUE. GAYE COULD NOT QUANTIFY EXTENT TO WHICH TRADE AMONG MEMBER STATES HAS INCREASED SINCE CREATION OF CEAO. A MEETING OF CEAO EXPERTS WILL TAKE PLACE IN OCTOBER TO EXAMINE THIS QUESTION.

6. OMVS (SENEGAL RIVER DEVELOPMENT AUTHORITY): DR. ERNST-GUNTER BLECKMANN, CHIEF FINANCIAL ADVISOR TO OMVS, GAVE BRIEFING, HE RAN

THROUGH PROJECT'S HISTORY RAISING SEVERAL NEW POINTS: THE RECENTLY COMPLETED "GLOBAL" STUDY OF SENEGAL RIVER BASIN HAS SHOWN THA BOTH DAMS WILL INDEED BE REQUIRED TO EFFECTIVELY DEVELOP THE VALLEY. (DURING EMBOFF'S LAST MEETING WITH BLECKMANN, LATTER HAD SPECULATED THAT DIAMA DAM MIGHT BE DROPPED ALTOGETHER.) THUS PROJECT DURRENTLY CARRIES \$900 MILLION PRICE TAGE OF WHICH ONE-HALF IS PLEDGED. BECAUSE HE DOUBTS FINANCING OF THAT MAGNITUDE AVAILABLE, BLECKMANN IS CONVINCED THAT CERTAIN "FRILLS" ON PROJECT MUST BE TRIMMED. ONE FACET OF PROJECT WHICH HE FEELS MIGHT BE SCALED DOWN IS ROADWAY OVER DIAMA AND EXPENSIVE HIGHWAY CONNECTIONS ALONG DAKAR-NOUAKCHOTT ROUTE. BLECKMANN ALSO THINKS EFFORTS TO GIVE MALI ACCESS TO ATLANTIC THROUGH NAVIGATIONAL CHANNEL TO PLANNED PORT AT KAYES MIGHT BE CUT BACK. ANOTHER QUESTION NOW UNDER STUDY WILL BE DEMAND FOR HYDRO POWER FROM MANANTALI, WHICH WILL BE LARGELY DETERMINED BY LIMITED OFFICIAL USE

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FEASIBILITY OF DEVELOPING MINERAL DEPOSITS IN EASTERN SENEGAL AND WESTERN MALI. HYDRO INSTALLATION COULD BE DELAYED UNTIL EXPLOITATION OF MINES OCCURS. BLECKMANN FEELS OMVS, WHICH HAS REMARKABLE RECORD OF COMPROMISE AND COOPERATION, IS ENTERING CRITICAL PERIOD OVER NEXT SEVERAL MONTHS WHEN QUESTIONS ABOVE WILL BE ADDRESSED. NONETHELESS, BLECKMANN IS OPTIMISTIC THAT SUCCESSFUL FORMULA CAN BE NEGOTIATED BECAUSE ALL PARTIES RECOGNIZE URGENCY OF PROJECT FOR VALLEY'S 1.5 MILLION RESIDENTS. GALANTO

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